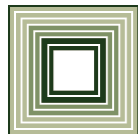


North Carolina's Savings Reserve Account

Presentation to the
Legislative Research Commission
Committee on Savings Reserve Account

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FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Savings Reserve Account

- Background & History
- Policy
- History of Adjustments

Background & History

- Period of budget gaps/shortfalls
 - Slowed economy
 - Federal budget pressures
 - Other factors
- 1990 Appropriations Act, [S.L. 1989-1066](#)
 - Budget Stabilization Reserve, a temporary reserve
 - \$141 million appropriation
 - Precursor to current Savings Reserve Account
 - Economic Future Study Commission established

Background & History

- [Fiscal Realities for the 90s](#) (Economic Future Study Commission report issued March 1991)
 - Overarching Principles/Recommendations:
 - Establish permanent reserve or rainy day fund
 - Transfer excess funds
 - 5% cap/target
- Enacted first Savings Reserve Account, [S.L. 1991-689](#), Section 346, amending the Executive Budget Act

Policy

- S.L. 1989-1066, Operations Appropriations 1990/91
 - Budget Stabilization Reserve to offset unanticipated reductions in funding availability resulting from:
 1. Changes in the economic outlook
 2. Federal tax changes
 3. Corporate financial actions
 4. Judicial decisions
 5. Federal spending mandates
 6. Natural disasters

Policy

- Executive Budget Act, G.S. 143-15.3 (June 1993 – June 2007)
 - No policy statement in State law
 - Uses followed previous practice
 - Earmarked 25% of unreserved fund balance; up to 5% of previous year's operating budget,
 - Required General Assembly appropriation

Policy

- State Budget Act, [G.S. 143C-4-2](#) (July 2007 – present)
 - Establish and maintain sufficient reserves for unanticipated events and circumstances:
 1. Natural disasters
 2. Economic downturns
 3. Threats to public safety, health and welfare,
 4. Other emergencies
 - Earmarks 25% of unreserved fund balance,
 - Sets goal of 8% of previous year's operating budget,
 - Requires General Assembly appropriation,

History of Adjustments

Savings Reserve at Fiscal Year Ending June 30th

Fiscal Year	Current Year Earmarking / Appropriation to Savings Reserve	Withdrawals and Adjustments	Savings Reserve Account Balance	Statutory Goal: Percentage % of Prior Fiscal Year Operations	Percentage of Statutory Goal	
1995-96	77,342,029	0	500,951,662	500,951,659	5.0%	} 5% cap met
1996-97	0	0	500,951,662	489,653,119	5.1%	
1997-98	21,568,899	0	522,520,561	522,520,561	5.0%	
1999-00	967,311	(285,965,824)	37,522,048	616,351,299	0.3%	
2000-01	120,000,000	0	157,522,048	672,080,514	1.2%	
2001-02	90,000,000	(247,522,048)	0	693,927,138	-	
2002-03	150,000,000	0	150,000,000	735,290,492	1.0%	
2003-04	116,666,064	391,343	267,057,407	716,033,244	1.9%	
2004-05	199,125,000	(153,541,447)	312,640,960	743,581,089	2.1%	
2005-06	316,151,631	0	628,792,591	794,884,047	4.0%	
2006-07	175,000,000	(17,142,913)	786,649,678	858,093,066	4.6%	
2007-08	0	0	786,649,678	933,685,439	4.2%	
2008-09	0	(636,649,678)	150,000,000	1,635,304,092	0.7%	← 8% goal became effective
2009-10	0	0	150,000,000	1,699,123,957	0.7%	
2010-11	183,650,000	(38,008,589)	295,641,411	1,522,743,968	1.6%	
2011-12	123,170,924	0	418,812,335	1,517,965,232	2.2%	
2012-13	232,537,942	0	651,350,277	1,577,659,836	3.3%	
2013-14	0	245,194	651,595,471	1,640,274,201	3.2%	
2014-15	450,000,000	0	1,101,595,471	1,648,919,605	5.3%	

Questions?

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